

SNOHOMISH COUNTY PUBLIC UTILITY DISTRICT NO. 1
Snohomish County, Washington
January 1, 1993 Through December 31, 1993

Schedule Of Findings

1. The District Should Purchase Food At Public Expense Only When Allowed By State Law

During 1993, the district purchased at least \$3,156 of baked goods and light refreshment for employees where no public purpose was served.

Food was bought for district meetings and informal celebrations where no volunteers or other members of the public were in attendance. In addition, the district purchased food and did not document the purpose of such expenditures. None of the purchases cited in this finding were for any regular meals for employees.

The total costs in question break down into the following amounts:

\$1,132	Informal celebrations for district employees only. These included celebrations for good employee attendance, employee retirements, and other expenditures which did not benefit district rate payers.
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691	Meetings attended exclusively by district employees.
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<u>1,333</u>	Food purchased where no reason was documented with the supporting invoice.
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<u>\$3,156</u>	
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Article VIII, Section 7 of the Washington State Constitution states:

No county, city, town or other municipal corporation shall hereafter give any money, or property, or loan its money, or credit to or in aid of any individual, association, company or corporation

This topic was also discussed in a May 14, 1987, Attorney General Memorandum regarding eating and drinking at public expense. Section II.A.6 of that Memorandum states:

As to those occasions where . . . meetings consisting only of public employees . . . there is little basis for changing the familiar principle that between-meal refreshments must be regarded as neither a reasonable nor a necessary expenditure of public funds but rather as an optional and personal responsibility of those partaking.

We recommend the district only purchase food when allowed by state law, and that all such purchases be supported by adequate documentation.

SNOHOMISH COUNTY PUBLIC UTILITY DISTRICT NO. 1
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January 1, 1993 Through December 31, 1993

Schedule Of Federal Findings

1. The District Should Only Claim Reimbursement For Grant Charges At The Rate Allowed By The Grant Contract

During the 1993 audit of the Snohomish County PUD, we learned that in early 1994 the Bonneville Power Administration (BPA) posed several questions to the district regarding federal grant claims under the Residential Conservation Agreement (RCA) between these two parties. The BPA's questions focused on the Shower Head program administered by the district under that grant agreement. The BPA's actions were in response to an audit done by the U.S. Department of Energy's Inspector General on how BPA administers federal grant programs. We have not yet received a copy of the Inspector General's audit report. In response to BPA's inquiries, the district performed an internal audit to determine whether they had overbilled the grantor. Because of the extensive work done by both federal agencies and the Snohomish County PUD, we limited our audit work to gathering evidence that these agencies addressed the significant issues regarding grant claims.

The district billed BPA \$1,046,939 to distribute energy efficient shower heads in 1993. BPA's request for repayment focused on the following issues.

Grant claims were made for actual installations of shower heads where in fact many had only been dropped off at various sites for later distribution. The billing rate for shower heads dropped off for later installation is much lower than the rate for shower heads installed.

Grant claims were also made for the number of shower heads delivered as opposed to the number of residential units to which these shower heads were delivered. This method also resulted in a grant over-claim. The grant contract only allows billing for the number of residences where shower heads were installed.

Initially, the BPA reduced the district's fiscal year 1994 grant budget by \$588,973, suspending the entire remaining budget for the year. The district and BPA are currently negotiating a settlement of grant overcharges, which appears likely to result in the district repaying between \$568,138 and \$588,973. However, a final settlement has not yet been reached.

We recommend the district continue to negotiate a settlement of the amount due their grantor.

2. The District Should Provide Documentation To Support All Federal Grant Expenditures

During our review of the district's use of grant funds from the Federal Emergency Management Agency (FEMA), we found that district records did not adequately support \$201,631 in grant billings for equipment used. Grant funds were supposed to offset the cost of repairing damage to the electric utility's system after the January 1993 wind storm. The hourly rate FEMA paid for the district's use of their own equipment was approved by the grantor; however, the district could not identify the time billed for specific pieces of equipment.

Without an adequate audit trail, we cannot be assured that such charges to the grant represent equipment used to repair damage which the 1993 FEMA grant was supposed to pay for.

We recommend that the district improve their work order accounting system to ensure all costs recorded on work order reports can be traced to detailed supporting evidence.